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## Rewrite tax credits to moviemakers

*BY STATE SENS. NANCY CASSIS, JUD GILBERT, TOM GEORGE and MICKEY SWITALSKI*

The 42% refundable film tax credit Gov. Jennifer Granholm signed into law last year has been effective in bringing filming to Michigan -- but at a tremendous cost to taxpayers.

A recent Michigan Film Office report shows that the credit's cost for its first nine months was \$48 million. The Michigan Department of Treasury and the nonpartisan Senate and House fiscal agencies estimate that the film credit will cost the general fund \$88 million for the full 2009 fiscal year, and \$131 million in 2010.

Unfortunately, the film office report is missing key details specifically required by law. The report is required to include "the amount of money spent by each eligible production company" and "a breakdown of all production spending ... in the immediately preceding calendar year." The film office's decision not to include this information begs the question: What is it trying to hide?

The increasing uncapped cost of the film credit jeopardizes critical services. Who is going to tell schools that they have to do more with less because we are giving \$131 million to movie producers?

Without a cap, we will be unable to provide broad-based tax relief for Michigan businesses. We have heard from job providers struggling to make ends meet due to the overwhelming burden of the Michigan Business Tax surcharge. Many small businesses, which create 80% of Michigan's jobs, have been forced to lay off employees or close.

Our bipartisan bills will right-size the film credit, while allowing Michigan to continue offering the country's most generous film incentives. Encouraging the construction of infrastructure in Michigan and expanding the credit to commercial production will help create more permanent jobs.

That's why we introduced Senate Bill 405, which expands the infrastructure credit from 25% to 30%. The bill also requires that 90% of the employees on a movie production reside in Michigan. If the film credits are not meant to help unemployed Michigan residents find jobs, what is the point?

Senate Bill 404 keeps the production credit, but caps it at \$50 million. This reform will save more than \$80 million for more critical needs. The debate is not about eliminating the film credit, but whether we can afford it in its current form.

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